MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

BAC4654 – E-AUDITING

(All Sections / Groups)

15th August 2022
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 3 pages excluding cover page with 4 Questions only.

2. Answer all **FOUR** questions. Mark distribution for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

a) Auditing with the computer is the process of using information technology in auditing. It is the utilization of the computer by an auditor to perform some audit work that otherwise would have to be done manually.

Required:

i. Predict **TWO (2)** challenges auditors would be facing if they were to perform audit with computer. (5 marks)

ii. Present **TWO (2)** advantages of auditing with computer. (5 marks)

b) Dermaga Bhd is a company that operates by selling books online through the company's website. The company has been in operation for the past ten years and become the leading online book seller in Malaysia.

Supposed your audit team consist of ten members. Most of your team members know how to use IDEA, which is an audit software that is available in the market to perform audit for electronic data.

i. Being the leader of the audit team, choose whether you would still perform the audit for Dermaga Bhd using the IDEA software, even though some of your team members are not familiar with the software. (5 marks)

ii. During your audit investigation, you discovered that some data are not available in softcopy. Solve how would you address this issue to proceed with your audit investigation. (5 marks)

iii. One week before your team commence the audit investigation, one of your team members discovered a new audit software that appears to offer more functionality and can produce more reports. Choose whether you would proceed with maintaining to use IDEA software or the new audit software in your audit investigation. (5 marks)

(Total: 25 marks)

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QUESTION 2

a) Computer Assisted Audit Techniques (CAATs) are any automated audit techniques. CAATs are important tools for the Information Systems auditors in performing audits.

i. One of the categories in performing CAATs is to test the controls of a system. Illustrate how the Test Data is different than Integrated Test Facility (ITF). (8 marks)

ii. Present **FOUR (4)** factors auditors need to consider before they proceed with using any CAATs tools. (12 marks)

iii. Data file interrogation is about using audit software to review information held in computer files. It is also to use the computer's speed and reliability to help auditors in coping with the massive volumes of data. Differentiate between Master File and Transaction File. (5 marks)

(Total: 25 marks)

QUESTION 3

a) When planning for an audit in a Computer Based Information System, auditors should consider the types of audit evidence they need to gather.

Required:

i. Elaborate why knowing the types of audit evidence to collect is important. (5 marks)

ii. Illustrate the difference between observed and analysis type of audit evidence. (5 marks)

iii. Present **ONE (1)** advantage and **ONE (1)** challenge in using analytical procedure. (4 marks)

b) In the 'The Risk-Based Audit Approach', there are four-steps to approach control evaluation. They are as follows :

1) Determine the threats facing the accounting information systems (AIS).
2) Identify the control procedures that should be in place to minimize each threat.
3) Evaluate the control procedures.
4) Evaluate weakness (errors and irregularities not covered by control procedures).

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Required:

i. Apply your understanding in this approach to explain why it is important to identify the threats facing the AIS. (5 marks)

ii. After auditors identified the control procedures that minimise the threats in AIS, they need to evaluate these controls. Illustrate what it means with 'implemented controls' and 'enforced controls' with relevant examples. (6 marks)

(Total 25 marks)

QUESTION 4

a) As many business transactions nowadays are leaning towards the online platform approach, auditors will need to be aware of certain issues when they plan for financial statement audit for these clients.

Required:

i) Differentiate between the 'Completeness' and 'Accuracy' controls. (8 marks)

ii) Elaborate why the Disaster Recovery Plan is crucial for these types of business. (4 marks)

b) Some businesses record their transaction into their database that is used across all business functions. One of the important aspects that auditors need to look out for is completeness of recorded transactions. Elaborate what aspect auditors will have to look for in the following scenario :

i) A data entry clerk transfers data from hardcopy into the system. (4 marks)

ii) Customers enter their order online through the company's website. (4 marks)

c) One of the control objectives in Electronic Data Interchange (EDI) is authorization. Elaborate the issues if the authorization control is weak. (5 marks)

(Total 25 marks)

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